China-Nigeria Trade Relations and Economic Development of Nigeria, (1999-2023)

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Abstract
The study is focused on China-Nigeria trade relations and Economic development of Nigeria between 1999-2023. The study was guided by three objectives which were to; examine China-Nigeria trade relations and their implications for the economic development of Nigeria; Investigate the impacts of China's investments in oil and gas, agriculture and manufacturing sector on Nigeria's economic development; and evaluate the currency Swap agreement policy of 2018 adopted to strengthen Nigeria-China trade relations. The study adopted a descriptive research design in the methodology and interpretative approach, relying on secondary data sources from both published and unpublished materials that offered various perspectives on the subject; for instance data from trade and economic reports, academic books, Journals, and internet-based resources. While the theory applied was Dependency Theory propounded by some Latin Americans in the Late 1950; Scholars like; Paul Prebisch, Usvaldo Sunkle, Samir Amin, Dos Santos, Andre Gunder Frank, Walter Rodney and Claude Ake, among others. Findings showed that there has been trade imbalance favoring China significantly; there has been dependence on primary exports of unprocessed raw materials by Nigeria to China and there has equally been a local industry struggles due to the intensed competition they do face to Chinese importations which have negatively impacted local businesses, among others. Therefore, the study recommend that Nigeria should invest in industrial development policies that will incentivize the production of value-added goods for export; Nigeria should implement a more coherent and consistent policy framework that supports local innovation and industrialization to enhance the impact of China-Nigeria technological transfers on economic development; among others.

Keywords: *Trade; Trade Relations; Economic Development and Development*

INTRODUCTION

In an increasingly interconnected global society, nations need to cultivate diplomatic relations for mutual benefit. One of the most effective mechanisms for establishing these alliances is through diplomatic and economic relations to enhance socio-economic growth and development. Engaging in diplomatic relations not only nurtures positive inter-state relationships but, also facilitates the exchange of goods and services, regardless of the varying levels of economic development among the participating countries (Obikaeze, et al., 2023).

Moreover, Azeez, Dada and Aluko, (2014) stated that such economic partnerships do not compromise national sovereignty. The absence of bilateral relations can pose significant risks to a nation's economic development prospects, given that no country possesses all the necessary resources for self-sustained economic development. For several decades, Nigeria and China have maintained a robust relationship that has evolved. This long-standing partnership has encompassed various sectors, ranging from infrastructural development to trade in goods and services (Daniel & Maiwada, 2015).

Furthermore, the formal establishment of bilateral relations between the People's Republic of China and the Federal Republic of Nigeria dates back to February 10th, 1971, more than a decade after Nigeria attained Independence from British Colonial rule (Obikaeze, et al., 2023). However, the post-1999 era marked a turning point in this bilateral relationship. Nigeria transitioned to a democratic form of governance in 1999 after several years of military rule, thus opening up its economic landscape for international investments and partnerships (Osimen & Micah, 2022). These relations have evolved to encompass robust trade and strategic Cooperations, Solidifying China's role as a vital trading and export partner for Nigeria (Amaechi & Nwokeji, 2018). At the same time, China began to earnestly expand its economic influence globally, particularly in Africa, with Nigeria becoming a pivotal partner (Okeke, 2016).

CONCEPTUAL CLARIFICATION:

THE CONCEPT OF TRADE: This is a practice between two or group of people, communities, states, regions and international communities, where both goods and services are exchanged with cash in transactional agreement or an understanding of exchanging goods and services through the barter mechanism, for mutual benefits. Trading is a means of encouraging entrepreneurial skills and management that culminate to economic development.

Moreover, trade has metamorphed from local domestic trading to international trade between two or more Countries for their economic growth and their citizen's benefits. For these reasons, individuals, communities, states tend to look inward to identify their areas of endowment, and comparative advantage to specialize in those areas as to compete favourably in the field of trade. Economic trading results to economic growth, which intensify and enhance the process of development.

In addition, trade has grown to the level of importation and exportation of goods and services in the world, hence, the level of economic attainment in the era of imperial trade down to this contemporary globalized stage of trading.

THE CONCEPT OF TRADE RELATIONS:

Trade relations, is a concept that remains very pivotal to international economics and diplomacy, it has evolved through centuries as a means of enhancing economic growth, political alliances, and cultural exchange between nations. Trade relations encompass the rules, agreements, policies, and practices that govern the exchange of goods and services between Countries. The understanding and approaches to trade relations have shifted over time, shaped by globalization, technological advancements, and shifts in global power dynamics. Initially, seen as a transactional exchange to meet the demands for scarce resources, trade relations have since expanded into complex networks influencing political stability, economic security, and social development worldwide.

Furthermore, the concept of trade relations dates back to ancient times, where early exchanges among civilizations, such as Mesopotamia and the Indus Valley, laid the groundwork for structured trade. These exchanges were primarily limited to goods essential for survival, a theme that dominated trade theory up until the mercantilist era of the 16th to 18th centuries. Mercantilists, such as Thomas Mun, advocated for a favorable balance of trade to increase national wealth, emphasizing exports over imports as a pathway to accumulate precious metals, especially gold (Mun, 1664). By the late 18th Century, classical economists like Adam Smith and David Ricardo transformed the discourse on trade relations, championing free trade and comparative advantage as mechanisms for mutual economic growth. Smith (1776) argued in "The Wealth of Nations" that countries should engage in free trade to increase national wealth through specialization. While, Ricardo, (1817) refined the theory by proposing that countries should produce goods in which they have a comparative advantage. This shift laid the foundation for modern economic theories of trade, moving away from restrictive practices toward more open trade relations aimed at optimizing global resource allocation.

Moreover, as globalization accelerated in the 20th Century, the definitions of trade relations diversified, reflecting the increasingly complex nature of global interactions. Scholars have since offered varied interpretations, underscoring different dimensions of trade relations. Krugman and Obstfeld, (2003) described trade relations as structured interactions that allow for the exchange of goods, services, and capital, governed by both economic and political factors. Their definition acknowledges that trade relations are not purely economic transactions but are influenced by political will and strategic considerations.

In contrast, Bhagwati, (2024) defined trade relations as "Dynamic, evolving systems of mutual exchange shaped by policy choices and institutional framework" (Bhagwati, 2004 p. 43). In addition to the above, Scholars like Rodrik (2011) argued that trade relations often prioritize the interests of more developed nations, marginalizing weaker economies in the process. Rodrik contends that the current global trade framework, largely shaped by powerful western economies, imposes standards and practices that may not align with the developmental needs of less developed countries.

THE CONCEPTS OF DEVELOPMENT:

The cardinal points of the concept of development Centres on Social aspect, economic aspect, environmental aspect and most importantly, the human aspect. Again, there are conditions with which development can be measured such, as poverty, inequality, unemployment, as well as per capita income. Hence, Wiredu was of the view that "the western World is developed but only relatively. Technological Sophistication is only an aspect, and not the Core of development. The conquest of the …. moral …. By the spirit of rational inquiry remains … a thing of the future even in the West. The quest for development should be viewed as continuing world historical process in which all people … are engaged" (Wiredu, 1980 p. 43 cited in Ogan, (2025 p. 57).

Moreover, development is seen to be "growth of productive forces, of goods provided, of needs and of consumption" (Biron, 24). Again, that "development should be an effort of, by, and for the people. True development has to be people-centred. It has to be directed at the fulfillment of human potential (Biron, 24, cited in Ogan, (2025 p. 36). The concept of development is a multifaceted and continually evolving topic within the Social Sciences, characterized by diverse interpretations and theoretical underpinnings. At its Core, development traditionally refers to the process of economic growth, social change, and improvement in the living standards of a population (Todaro & Smith, 2020).

Furthermore, from a liberal point of view, development is often associated with the ideas of modernization, economic growth, and integration into global markets. Liberals typically argue that development is achieved through the expansion of free markets, private enterprise, and liberal democracy (Sen, 1999). Amartya Sen, a prominent liberal theorist, emphasizes the role of "Capabilities" in development, arguing that the expansion of individual freedoms and choices is crucial for development (Sen, 1999). This perspective focuses on how development can be achieved by removing barriers to market entry, reducing state intervention in the economy, and promoting political and economic freedoms.

On the Contrary, the Marxist perspective on development is rooted in the critique of Capitalist systems and the impact of class struggle on economic and social progress. Marxists view development through the laws of historical materialism; focusing on the modes of production and the relationships between different classes (Harvey, 2020). For Marxists, development is not just about economic growth or integration into global capitalization; it's about addressing the inherent inequalities and exploitative relationships within capitalist systems.

THE CONCEPT OF ECONOMIC DEVELOPMENT:

The concept of economic development is a key focus in discussions about growth and economic development. Fundamentally, economic development involves a shift in an economy's structure as it progresses from low productivity and subsistence-based activities to higher productivity and more complex activities (Hausmann, Rodrik & Sabel, 2007). This shift is crucial not just for diversifying the economy but, also for moving to more productive sectors and tasks, leading to increased income and enhanced living standards.

In addition, economic development often includes transitioning from primarily agricultural activities to a greater focus on industrial and service sectors. This shift is typically linked with urbanization, industrialization, and technological advancement. Kuznets, (1955) analyzed this process in his seminal work on modern economic growth, observing that as economics develop, there's a substantial movement from agriculture to non-agricultural sectors. Rodrik, (2013) further developed this idea, suggesting that economic development is not just a change in the sectoral distribution of GDP or employment. It also involves a significant leap in productivity, where traditional economic sectors adopt more advanced technologies and innovative practices that are standard in developed Countries.

Moreover, from an African perspective the notion of economic development is closely tied to the continent's developmental ambitions. The African Centre for Economic Transformation (ACET, 2017) notes that for African Countries to achieve sustainable development, they must pursue economic development that includes export competitiveness, enhancing productivity, and advancing technology. However, the path to economic development is not straightforward and involves tackling various structural issues. These include enhancing physical infrastructure, developing human capital, strengthening institutions, and improving the business environment (McMillan & Rodrik, 2011).

Furthermore, in the context of a globalized economy, economic development also includes a strong outward orientation. The success of economic development often depends on a Country's ability to engage effectively in international trade attract foreign investments, and integrate into global value chains (Gereffi & Kaplinsky, 2001).

Again, Mazzucato (2013) argues that innovation, whether through new products, processes, or business models, is essential for stimulating economic development. It can lead to the creation of new industries, enhance productivity, and generate employment. Despite these hurdles, Africa's abundant natural resources and its young population present enormous opportunities for economic development, if leveraged properly. Economic development in Africa is a complex process, encompassing not just changes in the economic structure but also advancements in human capabilities, institutional strength, and capacity for innovation.

METHOD OF RESEARCH:

The study adopted a descriptive research design to examine China-Nigeria trade relations, as well as their impact on Nigeria's economic development starting from 1999 to 2023. The study equally adopted an interpretative approach, relying on a secondary method of data sourcing from both published and unpublished materials that offered various perspectives on the subject area, for instance data from trade and economic reports, academic published books, published journal articles, and internet-based resources.

THEORETICAL FRAMEWORK:

The study adopted Dependency Theory propounded by some Latin American Scholars in the Late 1950's; Scholars such as Paul Prebisch, Usvaldo Sunkle, Samir Amin, Dos Santos, Andre Gunder Frank, Walter Rodney and Claude Ake, among others. Their propositions centred on the premise that a dependent economy of any state will find it very different and difficult to control her economic activities in other to achieve development, rather, their slouch pave of a bit of improvement is been determined and conditioned by the influence and reflection of the Country's economy that they depend on, which is detrimental to the dependent economy, thereby culminating to an economic disadvantages and underdevelopment of the state.

Moreover, Dos Santos (1970) cited in Nna, (2002) in his historical analysis of dependency, describes it as a condition that forms a specific structure within the World economy. This structure benefits certain countries at the expense of others, thereby limiting the developmental possibilities of the subordinate economies. He equally maintained in Alapiki, (2004) that dependency is a situation where the economy of a group of countries is conditioned by the development and expansion of another, more dominant economy.

Furthermore, dependency theorists were of the view that the international system is characterized by the existence of two district sets of States; described as dominant/dependent, centre/periphery or metropolitan/satellite. The dominant states are typically referred to as the advanced industrial Nations within the Organization for Economic Corporation and Development (OECD). These dependent States are often reliant on the export of a single commodity for their foreign exchange earnings and depend heavily on importing a variety of goods from the more economically developed dominant States.

In contrast, the periphery nations, whose role is primarily to supply cheap labour and raw materials, do not experience similar developmental progress due to the continual drainage of their Surpluses to the Core Nations. Dependency theory emerged as a critical response to the modernization theory, which posited that all societies follow a similar developmental trajectory.

Interestingly, applying dependency theory to this study, requires an in-depth analysis on how these interactions potentially influence Nigeria's development trajectory. Dependency theory, focusing on the power structures and economic relationships between developed and developing nations, provides a critical lens to examine the nuances and implications of this bilateral relationship. Looking at it in the context of China-Nigeria economic relations, China views Nigeria as a vital partner in Africa, given its vast natural resources, large market, and strategies geopolitical position. For Nigeria, China represents an alternative source of capital and development aid, technology transfer, and the market for its oil and other natural resources. While China's investments in infrastructure and its role in Nigeria's oil and telecommunications sectors have contributed to economic growth and development. The dependency theorists would argue that this relationship risks reinforcing Nigeria's role as a raw material supplier, while, becoming increasingly reliant on Chinese manufactured goods and technology. This dynamic could limit Nigeria's industrialization and capacity to pursue autonomous economic policies.

EMPIRICAL REVIEW:

Some researchers have done some different studies in relation to China and some African countries. In the case of Nigeria economic partnerships and industrial development by

Adebayo and Olukoshi, (2018), which was centred on investigation of economic and industrial development dynamics within the framework of China-Nigeria relations. The findings revealed several critical aspects of the China-Nigeria relationship. The study noted a significant increase in economic activities between the two countries, driven China's interest in Nigerian oil and other natural resources, as well as the market potential for Chinese products in Nigeria. This study equally investigated the risks of Chinese dominance in certain economic sectors and its impact on Nigeria's economic autonomy provided a nuanced understanding of the dependency theory.

Also, Chen and Orr (2019) conducted an in-depth examination of Chinese investment in Nigeria, focusing on how it compares with investments from other global economic powers. One of the key findings from the study was to sector-specific nature of Chinese investments. Unlike the more diversified investment approaches from western countries, Chinese funds were predominantly funneled into infrastructure and construction. However, the study emphasized the critical role of Chinese investments in addressing Nigeria's pressing infrastructure needs. However, they also cautioned about the necessity for Nigeria to seek a more balanced and diversified investment port-folio which is very essential not only for mitigating the risks associated with the dependency on a single foreign power but again, for ensuring that the terms of engagement with Chinese investors align more closely with Nigeria's long-term development objectives.

CHINA-NIGERIA TRADE RELATIONS AND ITS IMPLICATIONS FOR NIGERIA'S ECONOMIC DEVELOPMENT:

Nigeria and China have sustained commercial relations since 1971, following the signing of the joint communique on the Establishment of Diplomatic Relations. Since 2004, trade between the two countries has increased by approximately 300 percent, reaching a zenith of $7.2 billion in 2008. In 2009, trade between the two Nations amounted to $7.3 billion, and in 2010, it reached $7.7 billion, (World Bank Group, 2020). Nigeria is presently Africa's second-largest trading partner with China, following South Africa. Nigeria's raising imports of Chinese goods compared to its exports to China have led to a trade deficit, anticipated to expand considerably as trade relations enhance, until Nigeria can provide it industrial producers with domestic alternative of similar at competitive prices (Nwakolobia & Ikenga, 2023).

Moreover, Global entities, including the World Trade Organization (WTO), the International Monetary Funds (IMF), and the World Bank (WB) which make up the Briton Woods, have significantly contributed to the deterioration of Nigeria's manufacturing sector by mandating trade liberalisation, wage freezes, currency devaluation, elimination of public subsidies, and the adoption of various austerity measures, leading to heightened underutilization of productive capacity. Nigeria's increasing dependence of foreign capital, consumer goods, and services has incapacitated the domestic economy. Inferior products infiltrate Nigerian markets, leading to the failure of local manufacturing enterprises due to intense competition (Nwakolobia & Ikenga, 2023). This has culminated to a reduction of employment prospects for Nigerian citizens and a forfeiture of economic autonomy. The manufacturing sectors of the country persist in its inability to compete with less expensive imported products, thereby intensifying the issue.

Furthermore, the Chinese sub-standard products in Nigeria, particularly those of the pharmaceuticals and other consumer items have found their way into Nigeria. This is indeed a worrisome issue bedeviling Nigeria-China trade relations. According to the members of the Conference on National Political Parties (CNPP), some are celebrating the tremendous rase of Nigeria-China bilateral trade relations from $2 billion in 2002 to $13 billion in 2012, forgetting that Chinese cheap and fake products are not only dominating trade but do stifle Nigeria's local industries, (Guarding, 15 July, 2023; Iroka et al, 2021).

Interestingly, Nigeria and China have executed several "bilateral trade and Investment agreements" to provide each other with the most favoured treatment, intensifying the discourse on trade development (Omoju and Adesanya, 2012). Nigeria's trade volume has risen markedly over the years, yet this has not been accompanied by a substantial increase in growth and development. However, empirical studies have likewise yielded inconclusive results.

In addition to the above, Sino-Nigeria relations has experienced some Chinese unfair policies towards Nigeria which certainly remains inequitable policies and practices imposed on Nigerians. These inequitable practices manifest in unjust visa policies, racism, and inadequate wages for Nigerians, among other issues. Nigerian entrepreneurs encounter significant challenges in obtaining visas to China. The process of extending these visas upon expiration is typically stressful once they are obtained. However, Nigerian entrepreneurs and small-scale traders are significantly impacted by the Chinese visa policy, as they much provide invitation letters from select authorised Chinese firms, which they often cannot access, resulting in exploitation by Chinese visa agents (MOFA, 2013).

Table 1.1: Trade Volume between China and Nigeria (1999-2023).

Years	Total Trade in Billions (US DOLLARS)
2023	20.6
2022	22.9
2021	19.9
2020	12.8
2019	19.2
2018	18.9
2017	14.9
2016	11.1
2015	13.8
2014	14.3
2013	14.6
2012	14.3
2011	12.3
2010	10.9
2009	7.7
2008	8.3
2007	7.1
2006	6.7
2005	5.1
2004	3.3
2003	2.2
2002	1.7
2001	1.1
2000	1.1
1999	0.93

Source: UN Commodity Trade Statistics Database (2023).

Table 1.1 above depicts Nigeria's trade volume with China from 1999-2023 and showed that Nigeria records a very huge volume of trade as she sources 18 percent of its imports from China and 10percent from the United States of America (U.S.A.). Nigeria exports mostly Crude oil to China and imports many consumer goods, such as electronics, clothes, textiles, and so forth. The Q4 12 (fourth quarter) foreign trade statistics report of the National

Bureau of Statistics (NBS) revealed that China ranked 7th on the list of Nigeria's export destinations but ranked 1st on the import list. Nigeria's imports from China rose by 10 percent to ₦1.21 trillion in 2012 from ₦1.1 trillion in 2010. However, exports to that country increased more than four times to ₦933.31 billion in 2012 from the ₦216.51 billion recorded in 2010 (NBS Statistical report, 2013). According to statistics from the Chinese Customs Authority, the trade volume between China and Nigeria stood at $22.6bn in 2023 (Punch, 2024). The total trade volume between Nigeria and China has shown a consistent upward trend over the years, with fluctuations in certain periods.

SUMMARY OF FINDINGS:

Findings showed that in China-Nigeria trade relations, there are series of implications such as; trade imbalance that favoured China because Nigeria were indulging in the importation of high-value consumer goods from China while, Nigeria only exports mainly raw crude oil and raw agricultural products. Again, Nigeria has limited industrial capacity, hence, merely depend on primary exports of largely unprocessed raw materials, leading to a long-term economic imbalance. Also, Nigerian local industries struggle to survive due to Chinese huge and quality importation of goods and services. China has an inconsistent policy framework that is often poorly implemented; which has slowed down the expected economic growth, especially in the manufacturing sector.

CONCLUSION:

The study highlighted the dynamics of Nigeria's trade relationship with China, emphasizing on both its benefits and some challenges. While the relationship has broadened Nigeria's access to a variety of goods and spurred infrastructure development. However, it deepened the country's economic dependency on China, which culminated to widened trade imbalances, stunted local industrial growth, and limited employment opportunities, all of which hinder sustainable economic development.

RECOMMENDATION:

Based on the findings of the study, the following recommendations were made to strengthen the trade relations between Nigeria and China.

- To address the trade imbalance and stimulate local industry, Nigeria should invest in industrial development policies that will incentivize the production of value-added goods for export.
- Nigeria should implement a more coherent and consistent policy framework that supports local innovations that will boost industrialization to enhance the impact of China-Nigeria technological transfers on economic development.
- Nigeria should prioritise policies that require technology and skills transfer in the Nigeria's economy that will help to build Nigeria's capacity to accelerate their economic development.
- Nigeria should enact policies that ensure fair land use agreements and equitable sharing of profits between Chinese investors and local communities.
- Nigeria should encourage Chinese investors to establish full-scale manufacturing processes, and not just assembly lines, fostering an industry capable of self-reliant growth and development.

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